

AGN. NO.

MOTION BY SUPERVISOR HOLLY J. MITCHELL

March 15, 2022

Authorize Budget Adjustment for Homekey 2.0

On July 27, 2021, the Board of Supervisors (Board) approved a \$975 million spending plan for the County of Los Angeles' (County) allocation of American Rescue Plan (ARP) Act Coronavirus State and Local Fiscal Recovery Funds (CLFRF). As part of this spending plan, \$115 million was allocated for Project Homekey 2.0, which was to support the creation of new interim and permanent supportive housing for individuals and families with complex health or behavioral health conditions who are experiencing homelessness by acquiring new hotels, motels, and apartment complexes through the State's Homekey program.

In September 2021, the California Department of Housing and Community Development (HCD) announced the availability of approximately \$1.45 billion of Homekey grant funding through its Round 2 Notice of Funding Availability (NOFA). Through the NOFA, HCD established a four-month priority application period from the release date of the Homekey application (Application) of late September through January 31, 2022. During this prioritization period, HCD grouped Applications into one of the eight geographic regions laid out within the NOFA, unless the Application was prioritized for Homeless Youth or Tribal Entity set-asides. HCD has set aside nearly \$360 million for

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MOTION

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KUEHL	_____
HAHN	_____
BARGER	_____
MITCHELL	_____

jurisdictions within the County that applied within the priority Application period. HCD has also set aside funding of \$116 million for Homeless Youth and \$72.5 million for projects serving Tribal Entities statewide. To further encourage the timely submission of Applications, HCD also awarded a bonus of \$10,000 per assisted unit to Applications submitted by January 31, 2022.

In late October 2021, the County Chief Executive Office (CEO) released a Request for Statement of Interest (RFSI) for the identification of nonprofit or for-profit entities (Corporations) to apply jointly with the County for the Homekey Round 2 NOFA. Selected Corporations would own and, in some cases, develop, rehabilitate, and/or operate properties acquired through Homekey Round 2. The RFSI identified the threshold criteria for entities wishing to apply jointly with the County for Homekey Round 2 funding, which largely reflected the criteria established by HCD in the NOFA. In addition, based on consultation with individual Board offices and the CEO's partners in the homeless services system who are familiar with Countywide needs and best practices, the RFSI established preferred property features for respondents proposing acquisition, rehabilitation, and/or development of specific properties. The County received more than 30 responses to the RFSI, which were reviewed by a panel of experts. After the review, the County identified 11 Corporations with whom to submit Application(s) to HCD by January 31, 2022 for Homekey Round 2 funding.

On January 25, 2022, the Board authorized and directed the CEO, Chief Operating Officer, Assistant CEO, or Executive Director of the Los Angeles County Homeless Initiative, or their designees, to submit joint Application(s) to HCD in response to the NOFA, and to jointly apply for Homekey grant funds in the total maximum amount of \$417.28 million for 19 projects, as indicated in the authorizing resolutions submitted with the motion. The Board also authorized and directed the aforementioned parties to enter into, execute, and deliver Standard Agreement(s) in a total amount not to exceed the amounts specified in each authorizing resolution, and any and all other documents required or deemed necessary or appropriate to secure the Homekey funds from HCD and to participate in the Homekey Program, and all amendments thereto.

By January 31, 2022, the CEO and the selected Corporations jointly submitted

applications to HCD for 18 projects totaling \$397.588 million (one authorized project was ultimately deemed infeasible). HCD is expected to notify the County and the Corporations with whom it applied of the outcome of these applications by mid-March 2022.

If awarded, the State's Homekey Round 2 funds will be used to pay for the cost to acquire, develop, and/or rehabilitate each property, as well as for some operating costs. In some cases, a local match will be required to acquire, develop, and/or rehabilitate each property. In such cases, the County will utilize its allocation of ARP CLFRF for Project Homekey 2.0 to meet matching requirements.

I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS

1. Approve the attached appropriation adjustment that reflects an increase of \$476,208,000 in appropriation in the Affordable Housing budget unit, offset by a corresponding increase in American Rescue Plan (ARP) Act Coronavirus State and Local Fiscal Recovery Funds (CLFRF) and State revenue, to support Homekey 2.0. Homekey 2.0 will create new interim and permanent supportive housing for individuals and families with complex health or behavioral health conditions who are experiencing homelessness by acquiring new hotels, motels, and apartment complexes through the State's Homekey program.
2. Authorize the Chief Executive Officer (CEO) to disburse ARP CLFRF in an amount not to exceed \$78,620,000 to Corporations that are jointly awarded Homekey Round 2 funding with the County for acquisition, development, and/or rehabilitation of permanent or interim housing projects.
3. Authorize the CEO, or her designated representative, to take any actions and execute any related documents, agreements, contracts, or amendments, that are necessary to effectuate the utilization of ARP CLFRF and State revenue allocated for Homekey 2.0, approved as to form by County Counsel.

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BOARD OF SUPERVISORS
OFFICIAL COPY

March 15, 2022

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF CHIEF EXECUTIVE OFFICER

AUDITOR-CONTROLLER:

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HER RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFORE

FY 2021-22

4-VOTES

SOURCES

USES

AFFORDABLE HOUSING
A01-AM-90-90WK-10160
ARP - PROGRAMS
INCREASE REVENUE

78,620,000

AFFORDABLE HOUSING
A01-AM-5500-10160
OTHER CHARGES
INCREASE APPROPRIATION

476,208,000

AFFORDABLE HOUSING
A01-AM-88-89UB-10160
COVID-19 •PROJECT HOMEKEY 2.0
INCREASE REVENUE

397,588,000

SOURCES TOTAL

\$ 476,208,000

USES TOTAL

\$ 476,208,000

JUSTIFICATION

Reflects an increase of \$476,208,000 in appropriation in the Affordable Housing budget unit, offset by a corresponding increase in American Rescue Plan Act (ARP) Coronavirus State and Local Fiscal Recovery Funds (CLFRF) and State revenue from the California Department of Housing and Community Development (HCD), to support Homekey 2.0.

Cheri Todoroff Digitally signed by Cheri Todoroff
Date: 2022.03.09 11:55:10 -08'00'

AUTHORIZED SIGNATURE

Cheri Todoroff, Executive Director

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

REFERRED TO THE CHIEF
EXECUTIVE OFFICER FOR---



ACTION



RECOMMENDATION

Digitally signed by Lan Sam
Date: 2022.03.09
17:01:24 -08'00'

AUDITOR-CONTROLLER

BY

B.A.NO. 175

DATE March 9, 2022



APPROVED AS REQUESTED



APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

Jerry Ramirez
Digitally signed by Jerry Ramirez
DN: cn=Jerry Ramirez, o=Chief
Executive Office, ou=Homeless
Initiative,
email=j.ramirez@ceos.lacounty.gov,
c=US
Date: 2022.03.09 11:13:00 -08'00'

DATE